

Message Text

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17-12

ACTION ARA-20

INFO OCT-01 ISO-00 SEC-03 FBIE-00 SCS-03 SCA-01 JUSE-00

L-03 USPS-02 EB-11 COME-00 TRSE-00 FRB-02 OPIC-12

CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 /070 W

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R 110009Z JUN 74

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 2041

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INFO ALL CONSULATES IN MEXICO BY POUCH

E.O. 11652: N/A

TAGS: EFIN, MX

SUBJECT: POSSIBLE FRAUD IN SECURITIES SALES TO U.S. CITIZENS

1. MRS. GLENNA E. KORN, 310 FARWOOD ROAD, PHILADELPHIA, PENNA., WROTE TO EMBASSY ON MAY 20 WITH REPORT THAT SHE AND HER FAMILY HAD INVESTED HEAVILY THROUGH NORTH AMERICAN INTERNATIONAL COMPANIES, INC., 182 FRONT ST., MINEOLA, N.Y. 11501 (TEL. 516-746-0333) IN MEXICAN SECURITIES. THESE SECURITIES, SHE REPORTED, WERE ISSUED BY MERCANTIL DE MEXICO, S.A. DE C.V., UNION DE CREDITO, REPUBLICA DEL SALVADOR 168, MEXICO 1, D.F., AND WERE IN VERY SUBSTANTIAL AMOUNTS. MRS. KORN ADDED THAT SHE HAD BEEN UNABLE TO OBTAIN INTEREST PAYMENTS ON THESE CERTIFICATES, AND THAT SHE FELT SHE WAS BEING GIVEN THE "RUN-AROUND" BY OFFICIALS OF NORTH AMERICAN INTERNATIONAL COMPANIES (INCLUDING A MR. OWEN P. BEVERIDGE, CHAIRMAN, AND A MR. ANTHONY P. MCDONALD). SHE FURTHER STATED THAT TWO OTHER OFFICERS OF THE FIRM WERE MR. CLINTON T. SNAYD AND MR. R. MARK PERRY.

2. EMBASSY ECONOFF ATTEMPTED UNSUCCESSFULLY TO REACH OFFICERS OF NORTH AMERICAN INTERNATIONAL DE MEXICO, S.A.,
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PASEO DE LA REFORMA 284-206, MEXICO 6, D.F., AND A PERSONAL

VISIT TO THE OFFICES (NEAR THE CHANCERY) REVEALED THEM TO BE UNOCCUPIED. A REGISTERED LETTER TO THE OFFICES RESULTED IN A TELEPHONE CALL FROM AN UNIDENTIFIED MAN WHO PROMISED TO CALL AT THE EMBASSY, BUT WHO HAS NOT DONE SO. CONFIDENTIAL INQUIRIES AMONG REPUTABLE U.S. INVESTMENT ADVISORS REVEAL THAT MERCANTIL DE MEXICO DOES NOT HAVE A GOOD REPUTATION, AND IS NOT A FINANCIAL INSTITUTION UNDER THE TERMS OF MEXICO'S BANKING LAWS. THE EMBASSY HAS LEARNED, HOWEVER, THAT THE MEXICAN NATIONAL BANKING COMMISSION IS LOOKING INTO COMPLAINTS ABOUT MERCANTIL DE MEXICO. A CALL TO THE COMMISSION CONFIRMED THAT NO COMMENT ABOUT THE ORGANIZATION IS BEING MADE AT THIS TIME PENDING THE COMPLETION OF THE INVESTIGATION NOW UNDERWAY.

3. ON AFTERNOON JUNE 10, MR. FOGELSON OF THE NEW YORK STATE ATTORNEY GENERAL'S OFFICE, CALLED THE EMBASSY TO REPORT NUMEROUS COMPLAINTS FROM NEW YORK RESIDENTS CONCERNING NORTH AMERICAN INTERNATIONAL AND MERCANTIL DE MEXICO. MR. FOGELSON EXPRESSED THE VIEW THAT THE SUMS INVOLVED COULD RUN INTO THE MILLIONS OF DOLLARS. EMBASSY ECONOFF (WHO WAS OUT OF OFFICE WHEN CALL CAME IN) WAS UNABLE TO RETURN MR. FOGELSON'S CALL ON JUNE 10, BUT PLANS INFORM HIM GIST OF ABOVE INFORMATION ON MORNING JUNE 11.

4. ACTION REQUESTED: IN EVENT WASHINGTON AGENCIES (FBI, SEC, U.S. POSTAL SERVICE, ETC.) HAVE RECEIVED COMPLAINTS RE ORGANIZATIONS AND INDIVIDUALS NAMED PARA 1 ABOVE, EMBASSY WOULD APPRECIATE RECEIVING ANY DETAILS FOR POSSIBLE TRANSMITTAL AS APPROPRIATE TO GOM BANKING COMMISSION. WILL CONTINUE TO FOLLOW MATTER HERE. JOVA

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